Board of Directors

Rosalyn P. Doggett, Chair
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Dedication

The District of Columbia Housing Finance Agency report for the fiscal year ending September 30, 2006 is respectfully submitted to:

The Honorable Adrian M. Fenty
Mayor, District of Columbia

The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

The Honorable Marion Barry
Chair, Committee on Housing and Urban Affairs

The Honorable Carol Schwartz (At-Large)
The Honorable David A. Catania (At-Large)
The Honorable Phil Mendelson (At-Large)
The Honorable Jim Graham (Ward 1)
The Honorable Jack Evans (Ward 2)
The Honorable Mary Cheh (Ward 3)
The Honorable Harry Thomas Jr. (Ward 5)
The Honorable Tommy Wells (Ward 6)
The D.C. Housing Finance Agency (HFA) had a year of positive growth and change. Responding to market need, we revived our single-family mortgage program to provide below-market interest rate loans. These loans allow low- and moderate-income individuals and families to buy homes. We are excited that the programs sold out almost immediately and that the funds were used in every ward of the city to finance the purchase of 170 homes. Because of the brisk pace of sales, we have doubled the size of our most recent single family mortgage program.

We are also pleased that we were able to fund and preserve 1,164 multifamily units, a higher total than last year in an era of rising costs for real estate purchases, construction and mortgage interest.

The program growth has been achieved in an era of transition for the agency. We have hired a talented new Executive Director, Harry D. Sewell, after a national search made necessary by the resignation of our longtime executive director, Milton J. Bailey. Mr. Sewell brings experience from a similar post with the state of Maryland, as well as executive leadership positions in Maryland and Pennsylvania housing and real estate development agencies. We thank our interim executive director, Thomas Redmond, Director of Government Relations and Public Affairs, along with our reliable and hard working staff, for seeing us through the transition period. We are fortunate that all of agency’s business was conducted smoothly during that time.

We are delighted that increasing the supply of affordable housing is one of the key platform points of Mayor Adrian M. Fenty and Council Chair Vincent C. Gray. We pledge our strongest efforts to help them realize this objective. Looking ahead, we will work with our sister city agencies to continue the strong coordination instituted during the Anthony A. Williams administration. We know this will be advanced by Deputy Mayor for Planning and Economic Development Neil O. Albert. We will make ourselves available to finance affordable housing within large redevelopment, mixed-income and mixed-use projects throughout the city. We will aim to grow the single-family mortgage program, streamline the application process for down payment assistance as well as mortgage assistance; seek Housing Production Trust Funds to provide gap financing for multifamily developments; and serve the development community with even more timely assistance.

With new leadership, we think that the HFA is poised to reach new heights. We look forward to working with our housing partners to get there.

Sincerely,

Rosalyn P. Doggett
Chairperson
It was with a great sense of pride and humility that I accepted the position of Executive Director of the D.C. Housing Finance Agency (HFA) in June 2006. The HFA has an excellent track record and longstanding tradition of being the city's premier financier of affordable rental housing and provider of low-interest mortgage loans. I have admired the work of the HFA for many years and even worked with the agency as a private sector housing developer. Today, I am proud to hold the leadership reins and stand committed to ensuring the HFA becomes an even more powerful financial resource in the city's housing industry.

In Fiscal Year 2006 (FY 2006), the HFA financed 1,164 affordable housing units totaling $71.3 million in tax-exempt and taxable bond financing. In addition, the HFA helped 170 families secure their first home. As we approach Fiscal Year 2007 (FY 2007), the HFA will build upon the successes of the past fiscal year and utilize lessons learned from past development financing efforts within the city, and other high-cost areas around the country, to streamline our financing processes, diversify our loan products and increase unit production. A major goal for the coming year will be to position the HFA as a key financial player in some of the larger neighborhood redevelopment efforts planned within the city.

Over the last few months, I have witnessed the incredible potential of the HFA's Home Resource Center and D.C. Bond Program. While the HFA was out of the single-family market for the past few years, the agency recently issued more than $127 million in single-family mortgage revenue bonds in a five-month period. Our goal is to garner a 20 percent share of the city's single-family loan market by issuing a minimum of $200 million in low-interest mortgage loan funds per year. In addition, we will expand the mortgage financing options under the D.C. Bond Program providing District of Columbia residents with sufficient financing choices to fit their needs.

During FY 2007 and beyond, I plan to work with our for-profit and nonprofit housing partners and the city's new Mayor and City Council, as the agency supports the overall mission of having an affordable and inclusive city for families and individuals of all socioeconomic backgrounds. As we move forward, the HFA's staff, Board of Directors and I will continue to champion the city's efforts to make the nation's capital an affordable place for everyone to call home.

Sincerely,

Harry D. Sewell
Executive Director
Fiscal Year 2006 Accomplishments

Financial
- Realized $2.194 million in actual net earnings
- Increased operating reserves by $1.433 million from $16.295 million to $17.728 million

Management and Administrative
- Achieved re-appointment of two members of the Board of Directors
- Finalized personnel manual and updated multifamily underwriting procedures manual

Programmatic: Single-Family Homeownership Programs and Activities
- Assisted 170 homebuyers purchase a home with a low-interest mortgage loan
- Issued $42 million in single-family tax-exempt bonds
- Approved five new banks to participate as approved lenders in the D.C. Bond Program
- Conducted 104 weekly workshops and 36 monthly Homebuyers Club meetings
- Counseled more than 1,500 residents through the Home Resource Center

Programmatic: Multifamily Rental Housing
- Funded 1,164 units at a total community investment of $71.3 million in tax-exempt and taxable bonds and $42.7 million in low-income housing tax credits. The HFA provided financing for the following eight affordable housing developments:
  - $9 million for Arthur Capper Senior–Phase II
  - $5.1 million for Garfield Hills
  - $5.6 million for Galen Terrace
  - $12.6 million for Golden Rule Apartments
  - $8.8 million for George Washington Carver Apartments
  - $10.6 million for Hunter Pines Apartments
  - $6.4 million for New Eastgate Phase I (Triangle View)
  - $13.2 million for Southview I & II Apartments
- Provided $1.350 million in short-term loans under the McKinney Act Savings Loan Fund Program to fund more than 119 units. The HFA provided financing for the following four housing developments:
  - $300,000 to Renaissance Properties, LLC
  - $350,000 to Colorado Avenue Northwest Cooperative Inc.
  - $350,000 to Golden Rule Apartments, Inc.
  - $350,000 to 4100 Georgia Avenue Limited Partnership
Fiscal Year 2007 Objectives

Financial
- Realize $1.360 million in net earnings
- Increase operating reserves by $0.905 million from $17.728 million to $18.633 million

Management and Administrative
- Create a legislative tracking system
- Identify the new policy direction of the new mayor and city councilmembers
- Achieve the re-appointment of board members and fill the vacant seat on the Board of Directors

Programmatic:
- Single-Family Homeownership Programs and Activities
  - Increase the number of approved participating lenders in the D.C. Bond Program
  - Develop reporting formats that allow proper tracking of program progress
  - Investigate outsourcing compliance review to Countrywide Home Loans

- Multifamily Rental Housing
  - Implement technological upgrades within the Public Finance Group designed to increase productivity
  - Continue to work with the Department of Housing and Community Development and the District of Columbia Housing Authority to coordinate efforts and streamline financing processes
  - Develop a financing model that demonstrates the benefits and process of using HFA financing tools for mixed-income housing developments
In Fiscal Year 2006 (FY 2006), longtime Executive Director Milton J. Bailey and Deputy Executive Director Zoreana Barnes departed the D.C. Housing Finance Agency (HFA) after more than a decade of service. Under their leadership, the HFA experienced unprecedented growth. Most importantly, the agency’s $6.4 million deficit was erased and eventually grew to an accumulated fund balance of more than $25 million. There was also a steady increase in both multifamily and single-family bond financings, reaching a highpoint of 2,443 units financed in Fiscal Year 2002. In addition, the agency’s Standard and Poor’s and Moody’s Investors Services bond ratings were upgraded to BBB and A3, respectively. Mr. Bailey and Ms. Barnes opened the Home Resource Center and established several new programs, including the McKinney Act Savings Loan Fund Program, Target Area Builder Bond Program, Land Development Program, National Taxable Mortgage Loan Program and the Affordable Housing Specialized Loan Fund Program.

In June 2006, the Board of Directors appointed Harry D. Sewell as the agency’s new executive director. With more than 30 years of experience in the housing industry, Mr. Sewell’s leadership and vision was welcomed by the agency’s staff and the city’s development community. Rosalyn P. Doggett, Chair, HFA Board of Directors, noted “We are extremely pleased he has agreed to lead the HFA. He is a strong leader with a successful track record, and we have full confidence that his experience, professional skills and tremendous depth of knowledge in the housing industry will allow us to meet the city’s demand for affordable housing in new and innovative ways.”

Overall, the HFA experienced another successful fiscal year by achieving many of its financial, management and programmatic goals. The HFA ended FY 2006 with actual revenues of $7.523 million and expenses of $5.329 million, resulting in $2.194 million in actual net earnings. Operating reserves were increased by $1.433 million; and operating reserve levels increased from $16.295 million to $17.728 million. In addition, for the first time in many years, the HFA’s multifamily and single-family programs worked in tandem to help make Washington affordable to low- and moderate-income residents.

The agency’s staff also focused on two very important goodwill efforts. To celebrate National Homeownership Month, the HFA took the lead in organizing a multi-agency blood drive. On June 15, 2006, the HFA partnered with the American Red Cross to help meet another critical need residents have in Washington, a need for live-saving blood donations. The Department of Housing and Community Development (DHCD), District of Columbia Housing Authority (DCHA) and the Deputy Mayor’s Office for Planning and Economic Development joined in the special event. In total, 30 donors signed up to participate in the event, and many were first-time donors or donors who had not volunteered to give blood in a very long time. The HFA’s staff also participated in the Lee National Denim Day in October 2006. With two former employees diagnosed with breast cancer, participation in the nation’s largest single-day fundraiser to fight against breast cancer took on a special meaning. For one day, staff donned their denim jeans and pink ribbons in a symbolic gesture of support to end breast cancer.
In FY 2006, the HFA continued to work closely and collaboratively with its government housing partners to help increase developers’ abilities to bring various public resources to the table to assist with their development plans. In total, the HFA financed eight multifamily housing developments resulting in the production and preservation of 1,164 affordable housing units. With a total agency investment of $71.3 million in tax-exempt bonds and $42.7 million in syndicated equity proceeds derived from the sale of low-income housing tax credits, the HFA supported the construction or preservation of affordable housing units in Arthur Capper/Carrollsburg, Southview I & II Apartments, Golden Rule Apartments, Hunter Pines Apartments, New Eastgate, George Washington Carver Apartments, Galen Terrace and Garfield Hills.

In Ward 6, the HFA financed a second apartment building for seniors as a part of the Arthur Capper/Carrollsburg HOPE VI redevelopment initiative. In Fiscal Year 2005 (FY 2005), the HFA provided $9 million in tax-exempt bridge bonds for the construction of a 162-unit apartment building for residents 62 years of age or older on part of the former Arthur Capper/Carrollsburg public housing site. In FY 2006, the HFA provided $9 million in tax-exempt bond financing for the second senior building on the Arthur Capper/Carrollsburg site. This senior building will provide 138 affordable rental housing units. Both senior buildings will be affordable to seniors earning at or below 60% Area Median Income (AMI), which is $54,720 for a family of four. Overall, Arthur Capper/Carrollsburg is scheduled to undergo redevelopment with the assistance of a $35 million HOPE VI grant provided to DCHA by the U.S. Department of Housing and Urban Development (HUD). The final plans outline a mixed-income, mixed-use neighborhood with a community center, office space, storefront retail and over 700 public housing units, 525 affordable rental units and 330 market-rate homeownership units.

In Ward 7, the HFA financed another building for seniors. Similar to the redevelopment of the Arthur Capper/Carrollsburg public housing site, the Eastgate Gardens redevelopment will provide several new affordable housing opportunities in southeast Washington on a former Eastgate Gardens site. The building will be named Triangle View and will house 100 one-bedroom apartments for individuals who are 62 years of age or older. All of these units are set aside for households with incomes at or below 60% of AMI. Additionally, 75 of the units will be set aside for public housing residents who pay subsidized rents. While this building marks Phase I of the site’s redevelopment plan, other phases call for the construction of 61 affordable rental units and 108 homeownership units.

In FY 2006, the HFA issued $6.4 million in tax-exempt bonds for the construction of an affordable housing apartment building for seniors, which will be located at 3600 B Street, SE within the former Eastgate Gardens site. The building will be named Triangle View and will house 100 one-bedroom apartments for individuals who are 62 years of age or older. All of these units are set aside for households with incomes at or below 60% of AMI. Additionally, 75 of the units will be set aside for public housing residents who pay subsidized rents. While this building marks Phase I of the site’s redevelopment plan, other phases call for the construction of 61 affordable rental units and 108 homeownership units.

George Washington Carver Apartments was also financed by the HFA in Ward 7. The 176-unit apartment complex consists of 44 buildings that line both sides of East Capitol Street, SE between 47th and 49th Streets. After decades of physical deterioration and poor upkeep, the apartments turned into a major eyesore within the Deanwood and Marshall Heights neighborhoods. For several years, the HFA has played a major role in assisting with the financing of the site’s redevelopment efforts.

“With another year of strong financial results, successful program implementation, and an effective transition to a new Executive Director, the agency is poised to continue its leadership role in the city’s housing finance efforts.

I’m proud to have been part of that record of success.”

—MICHAEL WHEET, VICE CHAIR, BOARD OF DIRECTORS
The HFA’s involvement dates back to August 2002. After two years of unsuccessful attempts to receive federal funding and missing several extensions from the seller to purchase the property, tenants of the apartment complex were facing possible displacement. Residents reached out to the government of the District of Columbia for assistance, and both the HFA and DHCD partnered to help the residents. Within five days, the HFA provided a bridge loan of $2.4 million from the McKinney Act Savings Loan Fund Program to the Carver 2000 Tenant Association for the acquisition of the apartments. DHCD committed to repaying the HFA’s bridge loan and providing financing for residents to acquire and rehabilitate the apartment complex.

In FY 2006, the HFA provided $8.8 million in tax-exempt bonds for the construction of the 104-unit apartment building on the site of George Washington Carver Apartments. With a total development cost of $17 million, the new apartment building will be located at 4700 E. Capitol Street, NE and will house individuals 55 years of age or older. The apartments will be affordable for the next 30 years to individuals with incomes at or below 60% of AMI. Development of the complete site will occur in several phases and will include both rental housing and detached, for sale, single-family homes and townhouses. Phase I of the site’s redevelopment is the construction of the apartment building for seniors.

MissionFirst Development, Golden Rule Apartments, Inc. and The Henson Development Company were awarded the 6th Annual Affordable Housing Development Award of Excellence for the development of Golden Rule Apartments in Ward 2, which is a 183-unit mid-rise apartment building located at 901 New Jersey Avenue, NW. To assist with the purchase and renovation of the site, the HFA provided $12.6 million in tax-exempt bond financing and an annual 4% tax credit allocation that raised $9.3 million in syndicated tax credit equity. In addition, thanks to the efforts of the development partners, HUD extended the Section 8 Housing Assistance Payments (HAP) contract for 20 years.

A substantial rehabilitation is planned for Golden Rule Apartments, including renovations to the apartments, safety enhancements and improvements to an existing on-site daycare center, which serves both children who reside in Golden Rule Apartments and the surrounding neighborhood. The total development budget is over $25 million, and renovations are expected to be complete in September 2008.

MissionFirst Development is a Washington-based housing developer that is committed to producing affordable housing for low- and moderate-income residents. Since Fiscal Year 2001, the company has successfully preserved or constructed several affordable apartment complexes throughout the city. With financial assistance from the HFA, MissionFirst Development preserved 182 affordable housing units in Ward 7’s Douglas Knoll, 34 affordable apartments in Ward 1’s Meridian Manor and 266 affordable housing units in Ward 8’s Parkway Overlook Apartments. In addition, MissionFirst Development partnered with members of the religious community to construct two affordable housing developments for seniors. MissionFirst Development and Bible Way Church received $8.8 million in tax-exempt bond financing from the HFA for Golden Rule Plaza in Ward 6, and the development company partnered with First Rock Baptist Church to construct the 74-unit J.W. King Seniors Center in Ward 7. The HFA provided $5.8 million in tax-exempt bond financing for the development of the affordable mid-rise apartment building for seniors.

In Ward 8, the HFA financed Galen Terrace Apartments and Hunter Pines Apartments and refinanced Garfield Hills and Southview I & II Apartments. For Galen Terrace Apartments, it was another successful partnership between tenants, the development community and the city’s housing agencies that drove the redevelopment efforts. Galen Terrace Tenants Association, Inc., Somerset Development and National Housing Trust-Enterprise Preservation Corporation worked together to plan a substantial rehabilitation of the six buildings that make up the apartment complex. The HFA provided $5.6 million in tax-exempt bonds and an annual 4% tax credit allocation that raised $4.6 million in syndicated tax credit equity to assist with the

“I am always honored to meet the residents of the housing development projects that receive HFA funding. Not only do I then have a personal link with the work of the agency, but I always leave with a clearer understanding of the role that safe, respectful and affordable housing can play in the lives of those families. Through our efforts, HFA is creating the kind of vibrant and diverse city that we all want.”

—EVERETT E. HAMILTON JR., BOARDMEMBER
The HFA provided $4.7 million in tax-exempt bonds for the renovation of Shipley Park Apartments, a 249-unit garden-style apartment complex in the Congress Heights neighborhood.

As residents move in and out of apartment complexes, wear and tear undoubtedly occurs. Three apartment complexes previously financed by the HFA did not escape the natural deterioration caused by regular use, but thankfully, the owners returned to the HFA for financial assistance to ensure the apartments remained safe, secure and affordable to residents.

More than 20 years after financing Southview II Apartments and more than 10 years after the rehabilitation of Southview I Apartments, the HFA was tapped again to finance the acquisition and rehabilitation of both apartment complexes. In Fiscal Year 1982, the HFA provided $6.8 million in tax-exempt bonds for the rehabilitation of Southview II Apartments, and in Fiscal Year 1992, the agency provided $3.8 million for the redevelopment of Southview I Apartments.

In May 2006, the HFA approved $13.2 million in tax-exempt financing for the redevelopment of both apartment complexes. The 22 three-story buildings that make up Southview I & II Apartments are located on a 8-acre site in the Congress Heights neighborhood. The brick buildings were built in 1947 and are located at 3401-3671 22nd Street, SE and 2200-3608 22nd Street, SE. Co-developers William C. Smith & Company, Inc. and the East of the River Community Development Corporation have teamed up again for a $21.4 million rehabilitation of Garfield Hills, helping to guarantee that 98% of the units will be affordable to families and individuals earning at or below 60% of the AMI. The redevelopment process is expected to be completed within 16 months and entail tenant-in-place rehabilitation. Renovations include repairs to the building exteriors, upgrades to individual units as well as improvements to the lighting, landscaping and parking lots.

In 1981, the HFA provided $4.5 million in financing for the rehabilitation of Garfield Hills in the Garfield Heights neighborhood. The 93-unit apartment complex was built in 1949 and consists of seven two- and three-story buildings. The complex is located at the intersection of Hartford Street, SE and 23rd Place, SE and is within close proximity to the Branch Avenue Metro stop and the newly planned Camp Simms development.

For more than 20 years, the apartment complex has been an affordable option for residents, especially those in need of large family-sized apartments with three- and four-bedrooms. In Fiscal Year 2005, the agency provided $11.9 million in tax-exempt bonds for the renovation of Shipley Park Apartments, a 249-unit garden-style apartment complex in the Congress Heights neighborhood.

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The HFA provided $4.7 million in tax-exempt bond financing in 1995 for the redevelopment of 296 units in Worthington Woods, and in FY 2005, the agency provided $11.9 million in tax-exempt bonds for the renovation of Shipley Park Apartments, a 249-unit garden-style apartment complex in the Congress Heights neighborhood.

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For more than 20 years, the apartment complex has been an affordable option for residents, especially those in need of large family-sized apartments with three- and four-bedrooms.
McKinney Act Savings Loan Fund Program

In FY 2006, the HFA financed four housing developments through the McKinney Act Savings Loan Fund Program. The fund offers short-term loans at below-market rates to developers and owners of housing developments. The intended uses of the loans vary. Nonprofit organizations can utilize the funds to develop transitional housing for the homeless and individuals with disabilities, and developers can use the loan funds for enhancements and deferred maintenance repairs to existing projects. In addition, funds can be used to provide functionally-related recreational, health, educational or social services facilities for housing occupied by very low-income persons and families and for the development of affordable housing for persons with special needs, including the elderly, homeless, persons with disabilities and those recovering from substance abuse.

Renaissance Properties, LLC received a $300,000 loan from the McKinney Act Savings Loan Fund Program for a housing development called A New Day Transitional Housing. The 11-unit transitional housing building is located at 851 Yuma Street, SE and will provide housing for women with children moving out of homeless shelters. The HFA's loan will allow the developer to continue to renovate the vacant apartment building while funding from other government sources is finalized. Renaissance Properties, LLC has committed to maintaining the units for individuals earning at or below 50% of AMI for at least 10 years, as required by the McKinney Act Savings Loan Fund Program.

The Colorado Avenue Northwest Cooperative Inc. received a $350,000 loan for its property located at 5746 Colorado Avenue, NW. The funds were provided to assist with ongoing expenses, outstanding obligations as well as rehabilitation and repair costs. In 1997, the HFA provided $1 million in tax-exempt bonds for the establishment of the 36-unit cooperative.

The owners of 4100 Georgia Avenue, NW received a $350,000 loan for predevelopment costs associated with the construction of a 72-unit multifamily apartment building at the site. Through an agreement with the HFA, the owners have agreed to set aside 14 units for occupancy by families or individuals who have very-low incomes. The apartments will remain affordable for very-low income families for at least 10 years.

The developers of Golden Rule Apartments are also teaming up to produce more affordable housing near the New York Avenue Corridor. Golden Rule Apartments, Inc. has contracted with The Henson Development Company and MissionFirst Development to assist with the redevelopment of Golden Rule Center, which is a mixed-use development with 40 apartments and a vacant grocery store. A $350,000 loan from the McKinney Act Savings Loan Fund Program was provided to Golden Rule Apartments, Inc. to relocate tenants from the Golden Rule Center and to assist with property carrying costs. Golden Rule Apartments, Inc. plans to demolish the building and construct a new mixed-use, mixed-income property in accordance with the plans outlined by the city's New Communities Initiative. Proposed plans entail the creation of 150 apartments and 10,000 square feet of retail space on the site. The owner has also agreed to set aside 40% of the new apartments for households earning at or below 50% of AMI and 30% of the new units for households earning at or below 60% of AMI.

Future Activities

The outlook for Fiscal Year 2007 and beyond is very promising for the HFA. Boardmembers and staff are committed to working closely and collaboratively with public and private sector entities to increase the production and preservation of affordable housing and to ensure that low- and moderate-income individuals who wish to remain in or move to Washington can do so. Whether it is streamlining internal processes, creating innovative solutions, developing new programs or increasing financing options for developers and homebuyers, the HFA’s staff and boardmembers are dedicated to making Washington affordable.
Garfield Hills
Triangle View
Golden Rule Apartments
Independent Auditor’s Report

We have audited the accompanying basic financial statements, as listed in the table of contents, of the District of Columbia Housing Finance Agency ("the Agency"), a component unit of the District of Columbia Government, as of and for the years ended September 30, 2006 and 2005. These financial statements are the responsibility of the Agency’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 18, 2007, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management’s discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements. However, we did not audit the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively support the amounts and disclosures in the financial statements. An audit also includes assessing the standard of accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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### Combining Statement of Revenues, Expenses and Changes in Net Assets
#### General Fund

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Revenues</th>
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<th>Single-Family Fund</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
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### Non-Operating Revenues

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### Capital and Related Financing Activities

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### Operating Activities

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### Investing Activities

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### Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

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### COMBINED YEAR-END STATEMENTS

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Staff

Reuben Aboyewa
Gwen N. Adams
Olukayode Adetayo
William Ahiable
Harry T. Alexander, Jr.
Kendra Allen
Valencia Anderson
Sichao Bai
Tonya Banks
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Sherri Boulet
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Pratixa Khona
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Jackie Langeluttig
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Theresa Lewis
Angela Lovelace
Lewis Maiden
Fran D. Makle
Tabitha McQueen
Robin Moore
Mary Patton
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Tia C. M. Tyree
Anthony Ulmer
Anthony L. Waddell
Sandy Whitehorn
Michael A. Winter
Birrol Yilmaz
Connell Young
Prinz N. Zeck
Mission Statement
The District of Columbia Housing Finance Agency was established in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. We accomplish our mission by issuing mortgage revenue bonds that lower the homebuyer's cost of purchasing and rehabilitating a home and the developer's costs of acquiring, constructing and rehabilitating rental housing. We embrace our responsibility with conviction and pledge our best efforts to serve as the city's champion for homeowners and renters and to act as the city's principal catalyst for neighborhood investment.

Vision Statement
We are committed to working cooperatively and closely with our housing partners to create attractive, stable and vibrant neighborhoods.

Contact Information
To learn more about the HFA's policies, programs and activities, please call (202) 777-1600 or log onto www.dchfa.org.